Supreme Court, U.S.
FILED
931431 MAR - 7 1994
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No.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

MEDICAL ENGINEERING CORPORATION,
Petitioner,

v.

AMERICAN MEDICAL SYSTEMS, INC.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

MARK T. BANNER
Counsel of Record
JERRY A. RIEDINGER
MARC S. COOPERMAN
A. BLAIR HUGHES
ALLEGRETTI & WITCOFF, LTD.
10 South Wacker Drive
Suite 3000
Chicago, Illinois 60606
(312) 715-1000
Counsel for Petitioner

March 7, 1994

Midwest Law Printing Co., Chicago 60611, (312) 321-0220

28 pp.

QUESTION PRESENTED

Section 287(a) of the Patent Law (35 U.S.C. § 287(a) (1988)), provides in pertinent part:

> Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented . . . by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent . . . . In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

The question presented in this case is as follows:

Whether a patent holder who has "fail[ed] so to mark," by distributing a substantial number of unmarked articles to the public, may obtain damages for infringement only from the time that "the infringer was notified of the infringement and continued to infringe thereafter," as the district court held, or whether that patent holder may obtain damages before "the infringer was notified of the infringement," simply by marking subsequently distributed articles with its patent number, as the Federal Circuit held.

RULE 29.1 LISTING

Medical Engineering Corporation is a wholly owned subsidiary of Bristol-Myers Squibb Company.

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On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

Medical Engineering Corporation respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals is reported at 6 F.3d 1523, and is reprinted in the appendix to this petition at App. 1 - App 36. The opinion of the United States District Court for the Eastern District of Wisconsin is reported at 794 F. Supp. 1370, and is reprinted in the appendix to this petition at App. 37 - App. 116.

JURISDICTION

The judgment of the court of appeals was rendered on October 4, 1993. That court denied a timely Petition for Rehearing and Suggestion for Rehearing In Banc on December 6, 1993, and is reprinted in the appendix to this petition at App. 117. The jurisdiction of this Court is based on 28 U.S.C. § 1254(1) (1988).

STATUTE INVOLVED

35 U.S.C. § 287(a) provides:

> Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word "patent" or the abbreviation "pat.", together with the number of the patent, or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is contained, a label containing a like notice. In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice. Filing of an action for infringement shall constitute such notice.

STATEMENT OF THE CASE

For purposes of this petition, no facts are disputed. Respondent, American Medical Systems, Inc. (AMS), owns the patent in suit, U.S. Patent No. 4,597,765 ('765 patent). It issued on July 1, 1986. AMS shipped its patented products without marking its patent number on them at least

until October 15, 1986. During that time it publicly distributed 1,939 products without a patent number. AMS did not even begin the internal process for marking its patent number on its products until two months after the patent issued. (App. 83-85). Although AMS subsequently shipped some or all of its products with the patent number, AMS did not give petitioner, Medical Engineering Corporation (MEC), actual notice of infringement until the complaint was filed. (App. 86).

On October 28, 1987, AMS sued MEC for patent infringement. MEC asserted that any damages that AMS might be awarded must be limited under the notice provision of the patent statute (35 U.S.C. § 287(a)), because of AMS' failure to mark the '765 patent number on the 1,939 products it distributed to the public for at least three and a half months after the patent issued. (App. 81, 84).

The district court ruled that, because of AMS' failure to mark substantially all of its patented products, "AMS plainly did not comply with the patent marking statute." (App. 85). The district court determined that AMS' failure to mark was not *de minimis*. (App. 24, 85). Between the patent's issuance and the time the lawsuit was filed, fully twenty-five percent of the products shipped did not have the patent number marked on them. (App. 85). The district court found that in the first six months of the patent's existence, 1,939 of the 3,320 total products shipped lacked any patent marking (App. 85), meaning nearly sixty percent failed to comply with the marking requirement.

Because AMS failed to mark its patent number on substantially all of its products, and because AMS deliberately refused to notify MEC of its contention of infringement before suing, the district court held Section 287(a) precluded AMS recovering damages for any infringement that occurred before it filed the present action. (App. 86-87).

On appeal, the Federal Circuit recognized that AMS shipped a significant number of patented products without marking. (App. 24). However, the Federal Circuit disagreed with the district court about the effect of AMS' failure to mark, and reversed the judgment regarding Section 287(a).

The Federal Circuit reasoned that the cases requiring marking of substantially all patented products were decided under the predecessor statutes to Section 287(a) and, therefore, were not controlling on the interpretation of the present statute. (App. 29).[1] Furthermore, according to the Federal Circuit, the language of Section 287(a) does not provide any time limit by which marking must begin. (App. 30). The Federal Circuit concluded that allowing recovery of damages from the time the shipment of marked products begins furthers the policy of encouraging marking—even if initial marking is delayed—because the sooner one complies with the marking requirements, the more likely one is to maximize the period for recoverable damages. (App. 30). Based on this analysis, the Federal Circuit held that Section 287(a) precludes recovery of damages only for infringement that occurred before the patentee stopped distributing products lacking the patent marking. (App. 31).

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[1] At least two of these cases were decisions by this Court: *Providence Rubber Co. v. Goodyear*, 9 Wall. (76 U.S.) 788, 801 (1870), cited in footnote 15 of the Federal Circuit opinion (App. 28), and *Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 394 (1936). These cases are discussed below.

REASONS FOR GRANTING THE WRIT

This case presents a straightforward and important question regarding the obligation of patent holders to provide notice of their patents to the public by marking their patent numbers on patented goods. Section 287(a) of Title 35 provides that, if a patent holder fails to mark its patented goods, "no damages shall be recovered by the patentee in any action for infringement" except after giving actual notice of the infringement to the infringer; that is, by accusing the infringer of infringement. The court of appeals below, however, held that even though a patent holder failed to mark its patent number on a significant number of patented goods distributed to the public for several months, it nonetheless could obtain damages for infringement of the patent—without accusing the infringer—simply by marking its subsequently distributed goods. In the court's view, the patent holder's penalty for failing to mark its goods was not a complete forfeiture of damages (absent a charge of infringement to the infringer) but simply a limitation of damages to the period after marking had begun.

This decision merits review for several reasons. First, the Federal Circuit has simply misread the language of Section 287(a). It is undisputed in this case that respondent "fail[ed] to mark" its products for several months, thus putting into public circulation numerous unmarked (though patented) products. According to the express terms of the statute, the penalty paid for that failure to mark is that the patent holder may recover "no damages . . . in any action for infringement" unless it then charges an infringer with infringement. Put another way, the right to recover damages *based on marking* is lost once a substantial number of unmarked products has been distributed to the public. The contrary reading by the appellate

court below—that a right to damages can be created by belated marking—is contrary to the plain meaning of the statutory language.

The decision below is also contrary to the central purpose of Section 287(a): to discourage distribution to the public of unmarked, but patented goods. To the extent that goods in commerce are unmarked, "[t]he public may rely upon the lack of notice in exploiting shapes and designs accessible to all." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 162 (1989). But, if a patent holder may distribute the same product in both marked and unmarked form—with only the limited penalty required by the Federal Circuit—then the public cannot know with any certainty whether a particular product is public property and subject to lawful copying, or is merely an unmarked version of a product protected by a patent, and therefore private property. Elimination of just that uncertainty caused by a failure to fully and consistently mark is the reason Section 287(a) allows damages only upon the giving of actual notice of infringement of the patent.

The proper resolution of this issue is of considerable importance to patent holders, to possible infringers, and to the public. Because it affects every article subject to marking, the holding below necessarily establishes the critical balance between the need for disclosure of patents to the public, and the protection given to patent holders by the patent laws. In our view, the decision sets that balance in the wrong place. Furthermore, given that the Federal Circuit is the court ultimately charged with overseeing application of the patent laws, including the rights of patent holders to collect damages from infringers of their patents, its judgments in this area carry exceptional weight. Review by this Court is necessary to ensure that

Section 287(a) is applied as it is written and as Congress intended.

I. The Federal Circuit's Interpretation of 35 U.S.C. § 287(a) Conflicts With the Plain Language of the Statute

The decision in this case turns on the construction of Section 287(a) of the Patent Laws. That section provides that patent holders "may give notice to the public" that goods are patented by marking them with a patent number as provided in the statute. It then goes on to state (emphasis added):

> In the event of failure so to mark, *no* damages shall be recovered by the patentee in *any* action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice.

There is no dispute here that there was a failure to mark by respondent. From the time the patent issued, respondent publicly distributed nearly 2000 patented goods without a patent number. The sole issue, therefore, is what the consequence of that failure to mark must be. Rejecting petitioner's argument that respondent can collect no damages for infringement prior to the time it accused petitioner of infringement, the Federal Circuit reversed the district court and held that respondent was barred from obtaining damages only for acts that occurred during the period of the failure to mark. Thus, according to the court's reading, marking of its subsequently distributed products entitled respondent to damages from that point forward, regardless of whether the infringer was actually accused of infringement.

This reading of Section 287(a), however, is directly contrary to its language. The starting point for interpreting a statute is, of course, the language of the statute itself. *Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980). The better reading, indeed the plain reading of the statute, is that it means just what it says: that once a failure to mark has occurred, "no damages" shall be recovered "in any action" for infringement, except on proof that the infringer was "notified of the infringement."[2]

The statute works simply. Congress has made the determination that if a patent owner fails to advise the public that its goods are patented by marking the patent number on those goods, the patent owner is penalized by recovering *no* damages in *any* action for infringement. The only exception to this penalty provided by Congress is if the patent owner proves "that the infringer was notified of the infringement and continued to infringe thereafter."

The Federal Circuit simply wrote into the statute a second exception to the penalty for those circumstances, here present, where there was an admitted "failure so to mark" of a substantial number of products, followed by marking of later distributed products. Rather than apply the language of Section 287(a) as written, the Federal Circuit "construe[d] section 287(a) to preclude recovery of damages only for infringement for any time prior to compliance with the marking or actual notice requirements of the statute." (App. 31). In effect, therefore, the court treated the statute as if it provided that:

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[2] The Federal Circuit agreed with the district court's finding that petitioner was not notified of infringement until respondent filed the complaint. (App. 31-32).

> In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice, *or except on proof that the patentee marked its subsequently distributed products with its patent number, in which event damages may be recovered only for infringement occurring after such marking.*

But, if Congress had intended to make marking of subsequently distributed goods by the patentee an exception to the damages limitation of Section 287(a), it could easily have done so with an explicit statement as it did with respect to the actual notice exception. This Court should not conclude that Congress' failure to include this additional exception was unintentional, and permit the addition of an implied exception. *See Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 109 (1980) ("We are consequently reluctant to conclude that Congress' failure to include FOIA requests within the exceptions to § 6(b)(1) listed in § 6(b)(2) was unintentional.").[3]

There was a "failure so to mark." That event having occurred, the plain language of the statute should be ap-

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[3] *See also Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 456 (1984) ("[I]t is not our job to apply laws that have not yet been written."); *United States v. Rutherford*, 442 U.S. 544, 555 (1979) ("Under our constitutional framework, federal courts do not sit as councils of revision, empowered to rewrite legislation in accord with their own conceptions of prudent public policy."); *United States v. Great N. Ry. Co.*, 343 U.S. 562, 575 (1952) ("It is our judicial function to apply statutes on the basis of what Congress has written, not what Congress might have written.").

plied. That language dictates that "no damages" should be recovered "in any action" for infringement occurring prior to the filing of a complaint, except on proof that the infringer was "notified of the infringement."

II. The Federal Circuit's Interpretation of 35 U.S.C. § 287(a) Is Inconsistent with the Policies Underlying the Patent Laws, Including those Outlined by This Court in its Precedent

The federal patent laws delineate the boundaries between public and private property. Not only do the laws define what is patentable, and thus subject to becoming private intellectual property, they designate and protect what intellectual property is *not* safeguarded by patent, and thus free for the public to use. This Court repeatedly has affirmed the important pubic policy served by the patent laws in differentiating between ideas subject to patent protection and those freely available. *See Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-51, 156, 159-62 (1989); *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262, 264 (1979); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 480-81 (1974); *Lear, Inc. v. Adkins*, 395 U.S. 653, 656, 668-70 (1969); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230-31 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 247 (1964).

The Court has explained that "implicit in the Patent Clause itself" is the concept "that free exploitation of ideas will be the rule, to which the protection of a federal patent is the exception." *Bonito Boats*, 489 U.S. at 151. Notably, however, Congress and the Court have recognized that "in rewarding useful invention, the 'rights and welfare of the community must be fairly dealt with and effectually guarded.' " *Sears*, 376 U.S. at 230 (quoting *Kendall v. Winsor*, 21 How. (62 U.S.) 322, 329 (1859)). Thus,

"[f]rom their inception, the federal patent laws have embodied a careful balance between the need to promote innovation and the recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. Significantly, the Court has affirmed that public competition in freely available *unpatented* ideas is an essential component of the "bargain" embodied in the federal patent laws:

> The attractiveness of such a bargain, and its effectiveness in inducing creative effort and disclosure of the results of that effort, depend almost entirely on a backdrop of free competition in the exploitation of unpatented designs and innovations.

Bonito Boats, 489 U.S. at 151. Simply put, the patent laws reflect a "strong federal policy favoring free competition in ideas which do not merit patent protection." *Lear*, 395 U.S. at 656.

Notice to the public of what ideas are protected by patent is an essential part of drawing the line between ideas that are freely available to the public, and those that are not in the public domain because of a government grant of exclusive rights. The requirements of the marking statute provide that necessary notice. Recently in *Bonito Boats*, 489 U.S. at 162 (citation omitted), this Court wrote about the statute at issue here:

> The notice [marking] requirement is designed "for the information of the public," and provides a ready means of discerning the status of the intellectual property embodied in an article of manufacture or design. The public may rely upon

> the lack of notice [marking] in exploiting shapes and designs accessible to all.[4]

The leading treatise on patent law explains this policy further:

> The statute strikes a delicate balance between the rights of the patent owner, the public, and the accused infringer. The damage limitation as to failure to mark serves the public interest in not being deceived by the appearance of unmarked (and hence apparently copyable) products. *The accused infringer is given standing to enforce that public interest by avoiding damage liability* (until specific notice is given, which changes the equities).

5 DONALD S. CHISUM, PATENTS § 20.03[7][c][vi] n. 133 (1993) (emphasis added) (citation omitted).

The Court has consistently recognized that to carry out these purposes of informing the public, and preventing the public from being deceived, substantially all products must be marked, not just "some" products. In *Providence Rubber Co. v. Goodyear*, 9 Wall. (76 U.S.) 788, 801 (1870) (quoting Act of March 2, 1861, ch. LXXXVIII, § 13, 12 Stat. 249 (1863)), the Court noted the requirement that "every article" be marked. In *Dunlap v. Schofield*, 152

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[4] It should be noted that in *Bonito Boats*, this Court referred to the marking portion of the statute as the "notice" requirement. That is, the requirement to give "notice" to the world of the patent by marking products with the patent number. This is different from the portion of Section 287(a) that addresses whether the infringer was "notified of the infringement" and permitting recovery of damages only after such "notice." This latter language deals with charging infringement—something which did not occur in the present case until respondent filed the complaint. (*See supra* note 2). For clarity, when the marking portion of the statute is referred to, it will be specifically noted.

U.S. 244, 247-48 (1894) (construing Act of July 8, 1870, ch. CCXXX, § 38, 16 Stat. 203 (1871)) (emphasis added), the Court said:

> [T]he patentee or his assignee . . . cannot recover damages against infringers of the patent, unless he has given notice of his right, either to the *whole public* by marking his article "Patented" or to the particular defendant by informing them of his patent, and of their infringement.

In *Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 393 (1936) (construing Act of July 8, 1870, ch. CCXXX, § 38, 16 Stat. 203 (1871)) (emphasis added), this Court again commented on the comprehensive nature of the marking provision:

> *[W]henever a patented article is made or vended* . . . it becomes [the patentee's] duty to give sufficient notice to the public "that the same is patented" either by placing thereon or upon the label the word "Patented."

Regarding the current marking statute, this Court stated in *Bonito Boats*, 489 U.S. at 161 (emphasis added):

> The federal patent scheme provides a basis for the public to ascertain the status of the intellectual property embodied in *any article in general circulation.*

Thus, by requiring the marking of substantially all patented articles, the marking statute is designed to protect the public by minimizing the possibility that the public might innocently believe a patented article can be copied. The incentive to mark is created by allowing an accused infringer to stand in the shoes of the public and enforce the public interest in not being deceived by unmarked goods, even if the accused infringer knows of the patent. 5 CHISUM, *supra* at n. 133.

This is exactly what happened in the present case. Petitioner introduced its product to the market, unaware of the existence of a pending patent application because respondent did not put "patent pending" on its own commercial product. (App. 7). After the patent issued, respondent failed to mark substantially all of its patented products, introducing into the public domain a significant number of unmarked products that were (by then) patented. Furthermore, having failed to mark, respondent deliberately refused to charge petitioner with infringement, which would have halted the "penalty" of the marking statute, because, as the district court found, respondent "felt it advantageous to withhold making an explicit accusation of infringement to prevent a declaratory judgment suit from being filed." (App. 86). The Federal Circuit held that this failure to mark did not bar the respondent from obtaining damages for infringement prior to accusing petitioner of infringement; reasoning that a patent owner can begin to collect damages once marking is "substantially consistent and continuous." (App. 31).

The Federal Circuit's conclusion creates an unjustified inconsistency. There is no dispute that a patent owner that distributes twenty-five percent of its products unmarked *cannot* recover damages if the unmarked products were distributed *throughout the entire period of distribution*, while marked products were being distributed at the same time.[5] Yet, according to the Federal Circuit, a patent owner that distributes twenty-five percent of its products unmarked *can* recover damages if the unmarked

[5] The Federal Circuit recognized this. "[Respondent] was not in full compliance with the marking statute while it continued to ship its unmarked products, which contained to mislead the public into thinking the product was freely available." (App. 32-33).

products were all distributed *at the beginning of the period of distribution*. In either case, however, the harm to the public is the same: twenty-five percent of the purchasers have been mislead. In either case, the public cannot rely on the required patent marking as a reliable indication of where the border lies between patented (hence private) property and unpatented (hence public) property. Nothing in the statute suggests this curious outcome was within Congress' intent.

The result also conflicts with this Court's reasoning underlying its decision in *Bonito Boats*.[6] There, the Court struck down a Florida statute protecting unpatented ideas as being inconsistent with federal patent law. In contrast to the federal patent scheme where the public may "ascertain the status of the intellectual property embodied in any article in general circulation" through the marking statute, the Florida scheme rendered "the status of the design and utilitarian 'ideas' embodied in the boat hulls it protects uncertain." *Bonito Boats*, 489 U.S. at 161-62. The Court concluded that "[t]he Florida scheme blurs this clear federal demarcation between public and private property," established in this Court's precedent and the patent laws. *Bonito Boats*, 489 U.S. at 162.

Like the Florida statute in *Bonito Boats*, the Federal Circuit's interpretation of the marking provision of the

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[6] At issue in *Bonito Boats* was a Florida statute protecting the designs of molded boat hulls. Protection was offered under the statute for designs that had been freely circulated to the consuming public. 489 U.S. at 159. Petitioner there sued a competitor claiming the competitive design violated the Florida statute. 489 U.S. at 144-45. This Court affirmed the Florida Supreme Court's decision striking down the Florida law as inconsistent with the policies embraced by the federal patent statute. *Bonito Boats*, 489 U.S. at 157.

patent statute blurs Congress' demarcation between public and private property. In effect it has taken the nearly 1,300,000 existing U.S. patents[7]—each a form of legalized "private monopoly"—and turned them into hidden "mines" floating in the sea of ideas embodied in goods in public distribution. The public can no longer sail in that sea confident that the water is safe where no mine has been marked. The ruling of the Federal Circuit will improperly impede the use of ideas in public circulation by removing a clear demarcation between ideas in the public domain and those subject to the private rights of patent owners. *See Bonito Boats*, 489 U.S. at 157 ("We believe that the Florida statute at issue so substantially impedes the public use of the otherwise unprotected design and utilitarian ideas embodied in unpatented boat hulls as to run afoul to the teaching of our decisions in *Sears* and *Compco*.").

Not only do the results of the Federal Circuit's decision run afoul of the law, the court's reasoning in reaching its decision is misguided. The stated rationale behind the Federal Circuit's decision was to provide incentive to the patentee to mark its products with its patent number. The Federal Circuit reasoned that if a patent owner is prevented from getting damages because of a failure to mark its patent number on its products, a patentee who fails to initially mark its products has no incentive to mark its subsequently shipped products. Thus, in order to create an incentive to begin marking, the panel interpreted the statute to enable a patentee who commences marking to

[7] Nearly 1,300,000 patents have been issued by the United States Patent and Trademark Office during the last seventeen years (the term of a patent).

recover damages from the date on which the patentee begins fully complying with the statute. (App. 30).

The decision wrongly assumes that damages for infringement is the only incentive a patentee has to mark its products. Contrary to the Federal Circuit's reasoning, a patentee *always* has incentive to mark its products with its patent number. The patentee benefits from notifying the world that its products are patented, even if it does so belatedly. That notice sends a powerful business and sales message. Notice of the patent informs the public, including competitors and customers, that no one else has the right to make that product, and that the ideas embodied in the product are *not* available for the public to exploit. Marking products with the patent number serves to deter potential infringers, and potential competitors, as well as to avoid unnecessary litigation. Thus, even the patentee who initially fails to mark has an ongoing, continuing, and never-ending incentive to commence marking—throughout the entire seventeen year term of the patent.

Indeed, greater incentive to mark would result from applying Section 287(a) as written, as done by the district court. When a patent owner knows that a failure to mark can severely limit damages, strong efforts will be undertaken to mark as soon as possible. Under the approach of the Federal Circuit, patent owners need not concern themselves with marking immediately, since they can always initiate their right to damages by belatedly marking, even if that marking starts years after the patented products were first sold. Few patent owners will indulge in efforts to immediately mark if there is little or no penalty for failing to do so.

Without a doubt, the patentee who fails to initially mark its patent number on more than a *de minimis*[8] amount of product is penalized. The penalty, established by Congress, is that the patentee must provide actual notice of infringement to the infringer before it has the right to obtain damages for infringement. That penalty provides incentive for patentee's to place the proper marking on substantially all of their products, and thus allows the public to determine the availability of ideas embodied in the products. In addition, that penalty serves to protect the public from the patentee who delays marking and deliberately delays providing actual notice of infringement, like respondent did in this case. The penalty is not harsh, however, because the patent holder can always start the damages clock running merely by charging infringement, a task that can be accomplished with a single paragraph letter or even a phone call.[9] *See Wine Ry. Appliance Co. v. Enterprise Ry. Equip. Co.*, 297 U.S. 387, 398 (1936) (The marking statute "provides protection against deception and requires nothing unreasonable of patentees.").

In summary, the Federal Circuit's decision marks a significant departure from Supreme Court precedent. This new course is at odds with the strong federal policy of

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[8] Section 287(a) has been interpreted to allow a patent owner a *de minimis* number of goods to be shipped unmarked as the patent owner readies the marking process. *See* 5 D. CHISUM, PATENTS, § 20.03[7][c][iii] n. 109. The courts below agreed that respondent shipped more than a *de minimis* number of unmarked goods. (App. 24, 85).

[9] Furthermore, even if a patent holder fails to mark, and does not charge infringement so the damages limitation of Section 287(a) is in full effect, the patent owner may still obtain an injunction and damages against an infringer for infringement occurring after a complaint is filed.

protecting the public's right to use freely circulated *unpatented* ideas, by causing uncertainty in the availability of ideas embodied in publicly circulated items. *See Bonito Boats*, 489 U.S. at 163. The decision is likely to result in the public being mislead into thinking patented products are freely available. The decision will substantially impede the public use of otherwise unprotected ideas embodied in items in public circulation. These results run afoul of this Court's precedent and should not be allowed to stand.

III. The Federal Circuit's Decision Addresses an Issue of National Importance

This is not a case where the court's decision below will affect only the litigants, or a small class of persons. The Federal Circuit's decision will affect the entire public, because the court was interpreting a statute "designed 'for the information of the public.' " *Bonito Boats*, 489 U.S. at 162. Each of the nearly 1,300,000 patents issued during the last seventeen years affect every business and every citizen in the United States. Under the Federal Circuit's decision, each can be an unmarked mine waiting to detonate.

Every day the public is surrounded by newly developed products and technology. Improvements in these products and technology are spurred by the public's exposure to what exists today. The ideas embodied in these items "are the tools of creation available to all." *Bonito Boats*, 489 U.S. at 156. The public has a right to know when goods are thrust into commerce containing ideas not "available to all," and the marking statute is the primary vehicle to provide that public knowledge. By eviscerating the penalty designed by Congress for failure to mark, the

Federal Circuit decision has eliminated the ability of the public to rely on a lack of patent marking in choosing whether to use ideas that appear to be in the public domain. Innovation is likely to be deterred because of this uncertainty.

Furthermore, the decision of the Federal Circuit will have implications for the public far beyond the confines of this case because of the nature of the Federal Circuit Court of Appeals itself. The Federal Circuit sits as the *sole* intermediate appellate court in patent cases. Therefore, by definition, there can be no "conflict" among decisions of courts of appeal in patent cases warranting certiorari from this Court. However, as this Court has recognized, because the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rules it applies in those cases are matters of special importance to the entire Nation. *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 113 S. Ct. 1967, 1971 (1993).

CONCLUSION

For the reasons above, the petition for a writ of certiorari should be granted.

Respectfully submitted,

MARK T. BANNER
Counsel of Record
JERRY A. RIEDINGER
MARC S. COOPERMAN
A. BLAIR HUGHES
ALLEGRETTI & WITCOFF, LTD.
10 South Wacker Drive
Suite 3000
Chicago, Illinois 60606
(312) 715-1000
Counsel for Petitioner

March 7, 1994